

**EXHIBIT****1**

Marine Cargo Policy

LIBERTY MUTUAL INSURANCE COMPANY

(A Massachusetts Stock Insurance Company, hereinafter the "Company")

175 Berkeley Street; Boston, MA 02117

Toll-free number: 1-800-677-9163

DECLARATIONS

Liberty Mutual Insurance Company (hereinafter called the Company), in consideration of premiums to be paid at the rates set forth in the schedules attached hereto, or as may be agreed upon from time to time, does insure against the perils, and subject to the terms, conditions and warranties, hereinafter set forth and any subsequent amendments thereof.

All amounts shown herein are stated in USD \$.

POLICY NUMBER: NYOMC11625401

1. NAMED INSURED:	Day To Day Imports Inc, Oxgord Inc, Virgin Scent Inc Stanzino Inc DBA Art Naturals 16325 SOUTH AVALON BLVD. Gardena, CA 90248	BROKER:	Oak Tree Insurance Services LLC 326 Kingston Ave Brooklyn, NY 11213
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2. EFFECTIVE DATE:	December 20, 2020 12:01 AM Standard Time at the Insured's address above.	EXPIRY DATE:	December 20, 2021 12:01 AM Standard Time at the Insured's address above.
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3. GOODS INSURED:

pet accessories, auto accessories, household cleaning products and soaps, ladders, hand sanitizer and all goods incidental to the business of the insured.

Please note excluded property as shown in the Goods Insured Clause of Section 1 (Ocean Cargo) of the policy.

4. COVERAGES PROVIDED:

Section 1:	Ocean Cargo including War Risk	Purchased
Section 2:	Domestic Transit	Purchased
Section 3:	Warehouse Storage	Purchased

5. LIMITS OF LIABILITY:

Section 1:	Any one Vessel:	\$1,000,000
	Any one Aircraft:	\$1,000,000



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DECLARATIONS (Continued)

	Overnight Express Carrier:	\$5,000
	Mail/Parcel Post:	\$1,000
	Salesman Samples:	\$100,000
	Exhibition Coverage:	\$100,000
Section 2:	Domestic Transit:	\$1,000,000
Section 3:	Warehouse:	As Per Schedule

6. INSURING CONDITIONS:

(a) Unless otherwise agreed herein, all goods and/or merchandise are insured:

Against all risks of physical loss or damage from any external cause irrespective of percentage, but excluding, nevertheless, the risks F.C.&S. (Free of Capture and Seizure) Warranty and the S.R.&C.C. (Strikes Riots and Civil Commotions) Warranty and/or other warranties or exclusions represented within this policy, unless covered specifically elsewhere herein.

(b) Goods Insured shipped "On Deck" subject to an "On Deck Bill of Lading" are warranted Free of Particular Average unless caused by the vessel or craft being stranded, sunk, burnt, on fire or in collision, but including jettison and/or washing overboard, irrespective of percentage.

(c) Used Insured Goods are warranted Free of Particular Average unless caused by the vessel or craft being stranded, sunk, burnt, on fire or in collision, but including jettison and/or washing overboard, irrespective of percentage.

(d) Used Insured Goods shipped by aircraft are warranted Free of Particular Average unless directly caused by fire, lightning, crash and/or collision, irrespective of percentage.

LIBERTY PROFIT SHARING AGREEMENT:

70/30/50 (15% maximum return) payable six (6) months after policy expiry and subject to policy remaining in force and 3 year deficit carry-over

7. GEOGRAPHIC LIMITS:

At and from ports and/or places in the World to ports and/or places in the World, including the risk of transshipment, however, this policy does not, unless specifically agreed elsewhere herein, afford coverage for:

i. Shipments that originate and terminate within the same country via any mode of conveyance (not to include connecting conveyances to an international transit covered under this policy), with the exception of waterborne conveyances.

Excluding overland transit in Mexico.

8. VALUATION:

To be valued and insured for the selling price less all discounts and non-incurred expenses to which such goods and/or merchandise would have been subject had no losses occurred. The selling price is to include import duty payable, where applicable and freight whether prepaid, advanced or guaranteed if the insured has an interest in such freight.



Marine Cargo Policy

DECLARATIONS (Continued)

In the absence of an invoice, the insured goods shall be valued at Actual Cash Value on the date of arrival at the place of delivery, as determined by an independent surveyor appointed by The Company, and in the event of physical loss or damage, the claim shall be less any charges not incurred.

Notwithstanding the foregoing, if, during covered transit of used goods owned by The Insured, between or among different locations or facilities owned or operated by The Insured, the goods sustain loss or damage due to a risk insured, the goods shall be valued at their Actual Cash Value at the time and place of delivery, as determined by an independent surveyor appointed by The Company.

Foreign currency is to be converted into U.S. Dollars at the rate of exchange current in New York on the applicable date the invoice had been issued.

9. DEDUCTIBLES:

Section 1:	\$10,000 per occurrence
Salesman Samples:	\$1,000
Exhibition Coverage:	\$1,000
Section 2:	\$10,000 per occurrence
Section 3:	\$10,000 per occurrence

10. RATES:

Section 1:	Flat
Section 2:	Included
Section 3:	Included

11. PREMIUM:

Section 1:	\$119,500 Flat Premium
Section 2:	Included
Section 3:	Included

12. TRIA:

Ocean:	\$0 Premium
Warehouse:	Purchased (See Endorsement Section Below)

13. ENDORSEMENT(S):

Number & Title	Premium
1. Natural Perils Extension Endorsement	N/A
2. Profit Sharing Agreement Endorsement	N/A
3. Addition of Certified Terrorism Coverage Subject to Cap on Losses	\$5,000
Total Endorsement Premium:	\$5,000

14. FORMS SCHEDULE:



Marine Cargo Policy

DECLARATIONS (Continued)

LMI COMPASS (Marine Cargo and War Risk Policy (OMC 001 2/14)
 Domestic Transit Coverage (DT 001 4/08)
 Warehouse Storage Coverage (WH 001 4/08)
 MHC Notice

15. SUMMARY OF POLICY CHARGES:

Total Coverage Premium:	\$119,500.00
Total TRIA Endorsement Premium:	\$5,000.00
Grand Total Policy Charges:	\$124,500.00



Marine Cargo Policy

DECLARATIONS (Continued)

OMC 001 2/14 (including any additional endorsements which are found after the policy wording)

Policyholder information pages are included.

1. **Please Read Your Policy.**
2. This policy automatically covers all shipments, which come within its scope. It is important that all shipments be reported as soon as known, and amounts declared as soon as ascertained.
3. Your attention is called to the basis of insured value as set forth in the **Valuation Clause** of the policy. The insured value should always be in accordance with the basis specified therein, unless otherwise agreed with the Company prior to shipment.
4. Any damage should be noted on the receipt given to the carrier, if possible; and in any event as soon as it is known that there is a loss or damage, written claim should be filed with the carrier. Such steps may be necessary to preserve your own rights and the Company's rights of subrogation against the carrier. Filing claim against the carrier will not affect in any way your rights under the policy.
5. In the event of any known or reported loss or damage the nearest Settling Agent, Agent or Company Representative should be notified promptly to protect the interests of all concerned.

NOTICE OF MEMBERSHIP IN LIBERTY MUTUAL HOLDING COMPANY, INC AND NOTICE OF ANNUAL MEETING

Liberty Mutual Insurance Company is a Massachusetts stock insurance company subsidiary of Liberty Mutual Holding Company Inc., a Massachusetts mutual holding company. Insurance is provided by Liberty Mutual Insurance Company. The named insured first named in the declarations is a member of Liberty Mutual Holding Company Inc.

As a member of Liberty Mutual Holding Company Inc., the named insured first named is entitled, among other things, to vote either in person or by proxy at the annual meeting or special meetings of said company. The Annual Meeting of Liberty Mutual Holding Company Inc. is at its offices located at 175 Berkeley Street, Boston, Massachusetts, on the second Wednesday in April each year at ten o'clock in the morning.

Members of Liberty Mutual Holding Company Inc. may request a copy of the company's annual financial statement, which are posted on Liberty Mutual's website at www.libertymutual.com, by writing to Liberty Mutual Holding Company Inc., 175 Berkeley Street, Boston, Massachusetts 02117, Attention: Corporate Secretary.

PRESIDENT
David H. Long

VICE-PRESIDENT and SECRETARY
Mark C. Touhey



Marine Cargo Policy

DECLARATIONS (Continued)

Warehouse Location Schedule

<u>Number</u>	<u>Warehouse Name & Address</u>	<u>Limit of Liability</u>
1	16325 South Avalon Blvd 16325 South Avalon Blvd Gardena, CA 90248	\$ 15,000,000
2	1152 Marlkrass Road 1152 Marlkrass Road Cherry Hill, NJ 08003	\$ 5,000,000
3	15408 Blackburn Avenue, 15408 Blackburn Avenue, Norwalk, CA 90220	\$ 5,000,000
4	15650 South Avalon Blvd 15650 South Avalon Blvd Compton, CA 90220	\$ 15,000,000
	Any Unnamed Warehouse Location	\$ 250,000

PRESIDENT
David H. Long

VICE-PRESIDENT and SECRETARY
Mark C. Touhey

LIBERTY INTERNATIONAL UNDERWRITERS

MARINE CARGO POLICY





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LIBERTY MUTUAL INSURANCE COMPANY

(A Massachusetts Stock Insurance Company, hereinafter called the "Company")

SECTION 1 MARINE CARGO POLICY

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Marine Cargo Policy

1. INSURED NAME

In consideration of premium as agreed herein, Liberty Mutual Insurance Company, hereinafter referred to as The Company, does insure: **See Point 1 of Policy Declaration Page.**

2. LOSS PAYABLE

Loss, if any, payable to Insured or order.

3. INSURABLE INTEREST

This policy covers all shipments made by or consigned to The Insured for their own account as principals or agents for others or in which they have an insurable interest.

This policy also to cover all shipments which The Insured has been instructed to insure provided such instructions are given in writing prior to sailing of vessel and before any known or reported loss, damage, or accident.

4. ATTACHMENT AND CANCELLATION

To attach on all shipments of goods insured made during the period: **See Point 2 of Policy Declaration Page.**

This policy may be cancelled at any time by either party, given thirty (30) day written notice.

This policy may also be cancelled by The Company provided ten (10) day written notice being provided for non-payment of premium. Such cancellation, shall not affect any risk on which this insurance has attached prior to the effective date of such notice of cancellation.

5. GOODS INSURED

The goods insured under this policy are all shipments of lawful goods and/or merchandise properly packaged for transportation consisting principally of, **See Point 3 of Policy Declaration Page.**

Notwithstanding the above, this policy excludes and does not cover the following, unless specifically endorsed elsewhere herein:

- i. Accounts, bills, deeds, money, notes, securities, evidences of debt, coins, stamps, precious or semi-precious stones, jewellery, artwork, fine arts, bullion, specie or other precious metal, livestock, birds, fish or other live animals, cell phones, computer chips/memory boards, tobacco both raw and processed, cigarettes, baggage (in or out of the passenger compartment);



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- ii. loss, damage, expense arising from misappropriation, secretion, conversion, infidelity or any dishonest acts by The Insured, including but not limited to their employees, or its agents.

6. LIMITS OF LIABILITY

Unless specifically agreed elsewhere herein, The Company shall not be liable under this policy for more than:

See Point 5 of Policy Declaration Page	any one vessel, connecting conveyance, or in any one place at any one time;
See Point 5 of Policy Declaration Page	with respect to shipments stowed on deck of any vessel and subject to an on deck bill of lading;
See Point 5 of Policy Declaration Page	any one aircraft, connecting conveyance, or in any one place at any one time;
See Point 5 of Policy Declaration Page	any one overnight express carrier;
See Point 5 of Policy Declaration Page	any one shipment made by mail / parcel post

In case where the total value(s) at risk exceed(s) the limit of liability as set forth in this policy, The Insured agrees, nevertheless, to report to The Company full value(s) at risk and to pay premium thereon at the agreed rates. The Insured further agrees that acceptance of such reports and premium by The Company shall not serve to revoke or to overrule the limit of liability set forth in this policy; however, subject to the limit of liability, The Company in accepting these reports and premium does agree to pay partial losses covered by this policy without reduction by reason of any co-insurance which otherwise may have existed in the absence of this special agreement.

7. ACCUMULATION

Should there be an accumulation of interests beyond the limits expressed in this policy by reason of an interruption of transit or occurrence beyond control of The Insured, or by reason of any casualty or at a transshipment point or on a connecting conveyance, The Company shall, provided notice be given as soon as known to The Insured, hold covered such excess interest and shall be liable for the full amount at risk, but in no event to exceed twice the policy limit.

8. CONVEYANCE

This policy covers all shipments made by (i) by iron or steel steamer or steamers, and/or iron or steel motorship or motorships (excluding sailing vessels, with or without auxiliary power, except as a connecting conveyance) and/or (ii) by aircraft and/or (iii) by First Class or Registered Mail, Ordinary or Registered or Governmental Insured Parcel Post; by air or otherwise and/or (iv) and including all connecting conveyances.



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Wherever the words “ship” or “vessel” or “seaworthiness,” “shipowner,” or “vessel, owner” appear in this policy, they are deemed to include also the words “aircraft,” “airworthiness,” “aircraft owner.”

9. CRAFT & LIGHTER

Coverage under this policy includes transit by craft and/or lighter to and from the vessel. Each craft and/or lighter to be deemed a separate insurance. The Insured is not to be prejudiced by any agreement exempting lightermen from liability.

10. GEOGRAPHIC LIMITS

See Point 7 of Policy Declaration Page

11. PREMIUM

This premium for this policy is written in consideration of an annual minimum and deposit premium of **See Point 11 of Policy Declaration Page.**

The Insured agrees to maintain an accurate record of all shipments which are to be insured hereunder and report to The Company within thirty (30) days after each anniversary the total insured values of these shipments (or actual sales) during the policy period for annual adjustment purposes.

Should the earned premium exceed the minimum and deposit premium for the policy period, The Insured shall remit to The Company the difference between the deposit premium and the earned premium for the period.

In the event of cancellation prior to the anniversary of the policy, The Insured shall declare to The Company the actual insured values (or actual sales) shipped from inception through the date of cancellation and premium shall be adjusted and paid in accordance with the terms and conditions of the policy.

The minimum premium stated above shall be deemed fully earned upon the inception date of the policy and The Insured shall not be entitled to a return premium.

12. INSURING CONDITIONS

See Point 6 of Policy Declaration Page

The following terms set forth below are applicable to Clause 12(b), 12(c) and 12(d):

- i. This insurance subject to its terms covers while on docks, wharves or elsewhere on shore and/or during land transportation, it shall include the risks of collision, derailment, overturning or other accident to the conveyance, fire, lightning, sprinkler leakage, cyclones, hurricanes, earthquakes, floods (meaning the rising of navigable waters), and/or collapse or subsidence of docks or



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wharves, even though the insurance be otherwise F.P.A. These perils are referred to as **“Shore Perils.”**

- ii. Including the risk of explosion, howsoever or wheresoever occurring during the currency of this insurance, unless excluded by the F.C. & S. Warranty or the S.R. & C.C. Warranty set forth elsewhere herein. These perils are referred to as **“Explosion Perils.”**
- iii. This insurance is also specifically to cover any loss of or damage to the interests insured hereunder, through the bursting of boilers, breakage of shafts or through any latent defect in machinery, hull or appurtenances, or from faults or errors in the navigation and / or management of the vessel by the master, mariners, mates, engineers or pilots. These perils are referred to as the **“Inchmaree Perils.”**

13. DEDUCTIBLE

A deductible of **See Point 9 of Policy Declaration Page** will be deducted from adjusted claim, each Bill of Lading separately adjusted.

However, this deductible shall not apply in respects to (i) General Average Contributions, (ii) Salvage Charges, (iii) Sue & Labor Expenses, (iv) Total Loss or (v) Constructive Total Loss.

14. VALUATION

See Point 8 of Policy Declaration Page

Foreign currency is to be converted into U.S. Dollars at the rate of exchange current in New York on the applicable date the invoice had been issued.

15. WAREHOUSE TO WAREHOUSE AND MARINE EXTENSION CLAUSE

- (a) This insurance attaches from the time the insured goods leave the warehouse and/or place named in the policy for the commencement of the transit and continues during the ordinary course of transit, including customary transshipment points, until the goods are delivered to the final warehouse at the destination named in the policy, certificate or declaration or a substitute destination as provided in sub-clause “15 (c)” hereunder.
- (b) This insurance specifically covers the goods during:
 - i. deviation, delay, forced discharge, reshipment and transshipment.
 - ii. any other variation of the adventure arising from the exercise of a liberty granted to the ship owner or charter under the contract of affreightment.
- (c) In the event of the exercise of any liberty granted to the ship owner or charterer under the contract of affreightment whereby such contract is terminated at a port or place other than the original insured destination, the insurance continues until the goods are sold and delivered at such port or



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place; or, if the goods be not sold but are forwarded to the original insured destination or to any other destination this insurance continues until the goods have arrived at final warehouse as provided in Clause "15 (a)".

- (d) If while this insurance is still in force and before the expiry of 15 days from midnight of the day on which the discharge overside of the goods hereby insured from the overseas vessel at the final port of discharge is completed, the goods are re-sold (not being a sale within the terms of Clause "15 (c)" above) and are to be forwarded to a destination other than that covered by this insurance, the goods are covered hereunder while deposited at such port of discharge until again in transit or until the expiry of the aforementioned 15 days, whichever shall occur first. If a sale is effected after the expiring of the aforementioned 15 days while this insurance is still in force the protection afforded hereunder shall cease as from the time of the sale.
- (e) It is a condition of this insurance that there shall be no interruption or suspension of transit unless due to the circumstances beyond the control of The Insured.
- (f) This insurance shall in no case be deemed to extend to cover loss, damage or expense proximately caused by delay or inherent vice or nature of the subject matter insured.

16. CONSOLIDATION / DECONSOLIDATION

Notwithstanding anything contained herein to the contrary (particularly the Warehouse to Warehouse and Marine Extension Clause) it is understood and agreed the insurance provided hereunder shall cover the goods while being temporarily stored on premises of freight forwarder, consolidators, truckers, warehousemen, steamship lines, or others, for the purpose of consolidation, deconsolidation, containerization, decontainerization, distribution and/or redistribution whether prior to loading and/or after discharge from overseas vessels/aircraft for a period not exceeding Thirty (30) days after arrival at such premise.

17. BILL OF LADING, ETC...

The Insured is not to be prejudiced by the presence of the negligence clause and/or latent defect clause in the Bills of Lading and/or Charter Party.

The seaworthiness of the vessel as between The Insured and The Company is hereby admitted and the wrongful act or misconduct of the ship owner or his servants causing a loss is not to defeat the recovery by an innocent Insured if the loss in the absence of such wrongful act or misconduct would have been a loss recoverable under the policy.

With leave to sail with or without pilots, and to tow and to assist vessels or craft in all situation, and to be towed.



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18. DEVIATION

This insurance shall not be vitiated by any unintentional error in description of vessel, voyage or interest, or by deviation, over-carriage, change of voyage, transshipment or any other interruption of the ordinary course of transit, from causes beyond the control of The Insured.

It is agreed, however, that any such error, deviation, or other occurrence mentioned above shall be reported to The Company as soon as known to The Insured, and additional premium paid, if required.

19. IMPAIRMENT OF RECOVERY

It is a condition of this insurance that The Insured or those acting on their behalf shall not waive, transfer, or take any action tending to defeat or decrease any claim against the carrier or other person or persons, whether before or after the insurance is effected under this policy.

It is a further condition of this insurance that The Insured will take all reasonable steps to preserve rights of recovery, at the expense of The Company.

It is a further condition of this insurance that if The Insured's act or omission diminishes the rights to which The Company would be subrogated upon payment, The Company may deduct from such payment a sum equal to the estimated recovery lost by reason of The Insured's action or inaction.

20. OTHER INSURANCE

If an interest insured hereunder is covered by other insurance or taken out by The Insured or on behalf of The Insured and/or for the benefit of The Insured which attached prior to the coverage provided by this policy, then The Company shall be liable only for the amount in excess of such prior insurance; The Company to return to The Insured premium equivalent to the cost of the prior insurance at The Company's rates.

If an interest insured hereunder is covered by other insurance or taken out by The Insured or on behalf of The Insured and/or for the benefit of The Insured which attached subsequent to the coverage provided by this policy, then The Company shall nevertheless be liable for the full amount of the insurance without right to claim contribution from the subsequent Insurers.

If an interest insured hereunder is covered by other insurance or taken out by The Insured or on behalf of The Insured which attaches simultaneously with to the coverage provided in this policy, The Company will be liable only for a ratable contribution to the loss or damage in proportion to the amount for which The Company would otherwise be liable under this policy, and will return to The Insured an amount of premium proportionate to such reduction of liability.

It is further understood and agreed that nothing in this clause shall alter the intent or operation of Clause 2 – Insurable Interest – of this policy.



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21. MISREPRESENTATION AND FRAUD

This policy shall be void if The Insured has concealed or misrepresented any material fact or circumstance concerning this insurance or the subject thereof or in case of any fraud, attempted fraud or false swearing by The Insured touching any matter relating to this insurance or the subject thereof, whether before or after a loss.

22. ASSIGNMENT

This policy shall be null and void if assigned or transferred without the written consent of The Company.

23. CERTIFICATE CLAUSE

Permission is hereby granted to The Insured to issue certificates or special policies hereunder, warranted by The Insured that said certificate or special policy will be issued in accordance with the terms and conditions of this policy. All such certificates or special policies issued shall be countersigned by a duly authorized agent of The Insured.

By utilizing The Company's certificate or special policy, The Insured agrees to reimburse Insurers for any claim not recoverable under this policy, including deductible or any amount in excess of policy limits of liability, resulting from the omission or insertions made on the certificate or special policy by The Insured or their representative.

Subject to approval of The Company prior to issuance, The Insured may issue certificates or special policies attaching London Institute Cargo Clauses "A," "B," or "C".

Notwithstanding anything to the contrary contained elsewhere herein, the permission to issue Company's certificates or special policies may be revoked at any time by written notice from The Company and The Insured agrees there upon to return immediately all unused certificates or special policies.

24. GENERAL AVERAGE

General Average and Salvage Charges are payable according to United States laws and usage and/or as per Foreign Statement and/or as per York-Antwerp Rules (as prescribed in whole or in part) if in accordance with the Contract of Affreightment.

General Average Contributions, Salvage, and special charges are payable in full, irrespective of insured and contributory values.



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25. WAREHOUSING & FORWARDING CHARGES, PACKAGES TOTALLY LOST LOADING, ETC...

The Company agrees to pay any landing, warehousing, forwarding and special charges incurred as a result of an insured peril.

The Company also agrees to pay the insured value of any package or packages that may be totally lost in loading, transshipment or discharge, even though the insurance be otherwise F.P.A.

The Company shall not be liable under this clause for more than the policy limit of liability set forth elsewhere in this policy

26. BOTH TO BLAME CLAUSE

Where insured goods are shipped under a Bill of Lading containing the so-called "Both to Blame Collision" Clause, The Company agree as to all losses covered by this insurance, to indemnify The Insured for this policy's proportion of any amount (not exceeding the amount insured) which The Insured may be legally bound to pay to the ship owners under such clause.

In the event that such liability is asserted The Insured agrees to notify The Company who shall have the right at their own cost and expense to defend The Insured against such claim.

27. FUMIGATION

This insurance is extended to cover, irrespective of percentage, physical loss or damage to the insured goods arising out of the conveyance or other place being fumigated by the order of a properly constituted authority during the duration of coverage afforded hereunder

28. DELIBERATE DAMAGE – POLLUTION HAZARD

This policy is extended to cover, but only while the property insured is on board a conveyance, physical loss or damage to the goods insured directly caused by governmental authorities acting for the public welfare to prevent or mitigate a pollution hazard or threat thereof, provided the accident or occurrence, which required the governmental action, is a peril insured against under this policy.

This clause shall not increase the limits of liability provided for in this policy.

29. SUE AND LABOR

In case of any loss or misfortune, it shall be lawful and necessary to and for The Insured, his or their factors, servants and assigns, to sue, labor and travel for, in and about the defense, safeguard and recovery of the goods insured, or any part thereof, without prejudice to this insurance.



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The acts of The Insured or The Company, in recovering, saving and preserving the goods insured, in case of disaster, shall not be considered a waiver or an acceptance of an abandonment.

Subject always to the applicable limit of liability, sue and labor charges are payable irrespective of percentage.

30. NOTICE OF LOSS

Upon being known to the Insured, notice of the occurrence of any and all loss which are apt to be a claim under this policy shall be given to The Company or its agents by the Insured immediately.

31. PAYMENT OF LOSS

Loss, if any, to be paid within thirty (30) days of interest in the insured goods and loss thereto being established. Any amount of premium, if unpaid, shall be deducted first

32. CONTROL OF DAMAGED GOODS

It is agreed that if finished goods insured hereunder that are intended for sale by The Insured are physically damaged by a risk insured, The Insured, exercising reasonable discretion, shall be the sole judge as to whether the goods are suitable for marketing, and no goods deemed by The Insured to be unfit for marketing shall be sold or otherwise disposed of except by The Insured or with The Insured's consent, but the Insured shall cooperate with The Company in such disposal in order to maximize the proceeds, and shall allow The Company any salvage obtained on any sale or other disposition of such goods.

Salvage value of all damaged goods and/or merchandise shall be determined after removal, in the customary manner, of all brands or trademarks. Where it is not possible to remove all product association with The Insured, or the cost to do so would exceed the anticipated salvage proceeds, The Company agrees to consult and cooperate with The Insured with respect to the disposition of said goods and/or merchandise.

In no event shall The Company be liable for more than the insured value of the damaged goods insured.

It being agreed that if the goods are to be destroyed, that same be accomplished with a representative of The Company in attendance, then The Insured will be required to furnish an original destruction certificate.



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33. LABELS CLAUSE

In case of damage affecting labels, capsule or wrappers, The Company, if liable therefore under the terms of this policy, shall not be liable for more than an amount sufficient to pay the cost of new labels, capsules, or wrappers and the cost of reconditioning the insured goods.

In no event shall The Company be liable for more than the insured value of the damaged merchandise.

34. MACHINERY CLAUSE

(a) When the property insured under this policy includes a machine consisting when complete for sale or use of several parts, then in case of loss or damage covered by this insurance to any part of such machine, The Company shall be liable for only the proportion of the insured value pertaining to the loss or damage, or at The Insured's option, for the cost and expense, including labor and forwarding charges, or replacing or repairing the lost or damaged part.

(b) In the event of partial loss or damage to any used machine that is insured under this policy, if The Insured elects to repair or replace the lost or damaged part(s), The Company will pay that proportion of the amount recoverable under this clause 34a.) that the insured value of the used machine bears to the value of a new machine of like kind and quality, as determined by an independent surveyor appointed by The Company.

35. PARTIAL LOSS

In case of partial loss or damage resulting from a peril insured against hereunder, the proportion of loss shall be determined by separation of damaged and undamaged goods and comparison of the values of the sound and damaged goods at the same time and place using all reasonable efforts to protect the undamaged merchandise from loss or damage.

The amount of loss shall be:

- i. an agreed (by surveyor) percentage of depreciation applied to the insured value, or, if such agreement is not practicable,
- ii. then by public sale of the damaged goods, in which event the amount of loss shall be the difference between the insured value of the goods sold and the proceeds of sale.

36. CONSTRUCTIVE TOTAL LOSS

No recovery for a Constructive Total Loss shall be had hereunder unless the property insured is reasonable abandoned on account of its actual total loss appearing to be unavoidable, or because it cannot be preserved from actual total loss without an expenditure that would exceed its value when the expenditure has been incurred.

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37. SUBROGATION

It is agreed that upon payment of any loss, damage or expense, The Company is to be subrogated to all the rights of The Insured, to the extent of the payment made, against any carrier, bailee or other third party, who may be liable for the loss, damage, or expense.

It is further agreed that where a recovery is obtained, the net recoveries (net recoveries shall mean amount received by The Company after deduction of all counsel and other fees and expenses expended to achieve them) shall be divided prorata, with The Insured to receive an amount equal to that proportion of the net recovery that those portions of its adjusted claim which are unrecoverable as deductible or in excess of limits bear to the insured value of the goods insured.

38. SUIT AGAINST THE COMPANY

It is a condition of this policy that no suit, action or proceeding on this policy for the recovery of any claim shall be sustainable in any court of law or equity unless The Insured shall have fully complied with all the terms and conditions of this policy and unless commenced within twelve (12) months next after the calendar date of the inception of physical loss or damage out of which the said claim arose, provided that where such limitation of time is held unenforceable by the court wherein such action has been commenced, then no such suit or action shall be sustainable unless commenced within the shortest limitation of time enforceable in such court

39. PARAMOUNT WARRANTIES

The following warranties shall be paramount and shall not be modified or superseded by any other provision included herein or stamped or endorsed hereon unless such other provision refers specifically to the risks excluded by these warranties and expressly assumes the said risks:

(a) F.C. & S. (Free of Capture & Seizure) Warranty

Notwithstanding anything herein contained to the contrary this insurance is warranted free from:

- i. capture, seizure, arrest, restraint, detainment, confiscation, preemption, requisition or nationalization, and the consequences thereof or any attempt thereat whether in time of peace or war and whether lawful or otherwise;
- ii. all loss, damage or expense, whether in time of peace or war, caused by (1) any weapon of war employing atomic or nuclear fission and/or fusion or other reaction or radioactive force or matter or (2) any mine or torpedo;
- iii. all consequence of hostilities or warlike operations (whether there be a declaration of war or not, but this warranty shall not exclude collision or contact with aircraft, or with rockets or similar missiles (other than weapons of war) or with any fixed or floating object (other than a mine or torpedo), stranding, heavy weather, fire or



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explosion unless caused directly (and independently of the nature of the voyage or service which the vessel concerned or, in the case of a collision, any other vessel involved therein, is performing) by a hostile act by or against a belligerent power; and for the purposes of this warranty "power" includes any authority maintaining naval, military or air forces in association with a power;

- iv. the consequences of civil war, revolution, rebellion, insurrection, or civil strife arising there from; or from the consequences of the imposition of martial law, military or usurped power; or piracy.

(b) S.R. &C.C. (Strikes, Riots, and Civil Commotions) Warranty

Notwithstanding anything herein contained to the contrary, this insurance is warranted free from loss, damage, or expense caused by or resulting from:

- i. strikes, lockouts, labor disturbances, riots, civil commotions, or the acts of any person or persons taking part in any such occurrences or disorders;
- ii. vandalism, sabotage or malicious act, which shall be deemed also to encompass the act or acts of one or more persons, whether or not agents of a sovereign power, carried out for political, terroristic or ideological purposes and whether any loss, damage or expense resulting there from is accidental or intentional.

(c) Nuclear Exclusion Clause

Notwithstanding anything to the contrary herein, it is hereby understood and agreed that this policy shall not apply to any loss, damage or expense due to or arising out of, directly or indirectly, nuclear reaction, radiation, radioactive contamination regardless of how it was caused. However, subject to all provision of this policy, if this policy insures against fire, then direct physical damage to the property insured located in the United States, or any territory of the United States or Puerto Rico by fire directly caused by the above excluded perils, is insured, provided that the nuclear reaction, radiation, or radioactive contamination was not caused, whether directly or indirectly, by any of the perils excluded by the F.C. & S. Warranty of this policy.

(d) Extended Radioactive Contamination Exclusion Clause with USA Endorsement (March 1, 2003)

This clause shall be paramount and shall override anything contained in this insurance inconsistent therewith.

- 1. In no case shall this insurance cover loss, damage, liability or expense directly or indirectly caused by or contributed to or arising from
 - 1.1 ionizing radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel



Marine Cargo Policy

- 1.2 the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof
- 1.3 any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.
- 1.4 The radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter. The exclusion in this sub-clause does not extend to radioactive isotopes, other than nuclear fuel, when such isotopes are being prepared, carried, stored, or used for commercial, agricultural, medical, scientific or other similar peaceful purposes.

Radioactive Contamination Exclusion Clause (U.S.A. Endorsement)

This insurance is subject to the Extended Radioactive Contamination Exclusion Clause (March 1, 2003) provided that

if fire is an insured peril

and

where the subject matter insured or, in the case of a reinsurance, the subject matter insured by the original insurance, is within the U.S.A., its islands, onshore territories or possessions

and

a fire arises directly or indirectly from one or more of the causes detailed in Sub-Clauses 1.1, 1.2, and 1.4 of the Extended Radioactive Contamination Exclusion Clause March 1, 2003 any loss or damage arising directly from that fire shall, subject to the provisions of this insurance, be covered, EXCLUDING however any loss damage liability or expense caused by nuclear reaction, nuclear radiation, or radioactive contamination arising directly or indirectly from that fire.

40. DELAY AND INHERENT VICE

This policy is warranted free from claims for loss of market or loss, damage, deterioration, and expense arising from delay, whether caused by a peril insured against or otherwise, including from inherent vices (or nature) of the insured good(s) itself.

41. EXPORT CONTROL - US ECONOMIC AND TRADE SANCTION CLAUSE

Whenever coverage provided by this policy would be in violation of any U.S. economic or trade sanction such as, but not limited to, those sanctions administered and enforced by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC"), such coverage shall be null and void.



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Similarly, any coverage relating to or referred to in any certificate or other evidence of insurance or any claim that would be in violation of U.S. economic or trade sanctions as described above shall also be null and void.

42. DUTY, TAXES, AND FREIGHT PAYABLE

This insurance is also extended to cover, subject to the policy terms of average, the risk of loss by reason of perils insured on duty, taxes and/or freight payable imposed on goods at port or place of final destination and insured hereunder. It being understood and agreed, however, that when the risk upon the goods continue beyond the time of landing from the conveyance, the increased value, consequent upon the payment of such duty, taxes, and/or freight payable shall attach as an additional insurance upon the goods from the time such duty, taxes, and/or freight payable are paid or become due, to the extent of the amounts thereof actually paid or payable.

Any limit of liability expressed in this policy shall be applied separately to such increased value.

The Insured warrant the increased value of insured goods hereunder resulting from payment of duty, taxes and/or freight payable, will be reported to The Company for premium adjustment purposes, if applicable, and remit premium accordingly.

The Insured will, in all cases, use reasonable efforts to obtain abatement or refund of duty and/or taxes paid or reclaimed in respect of goods lost, damaged or destroyed and will, when The Company so elects, surrender merchandise destroyed or damaged beyond repair to the customs authorities and recover duty and/or taxes thereon as provided by law, in which event claim under this policy shall be reduced by the amount of such recovery.

This insurance on duty and/or taxes and/or increased value shall terminate at the end of the import movement covered under this policy (including the Warehouse to Warehouse and Marine Extension Clause), but nothing contained in this clause shall alter or affect any coverage granted elsewhere in the policy during the storage or transit subsequent thereto.

43. DECLARATIONS

It is warranted by The Insured to declare annually to: **Agent or Broker As per Declaration Page** for transmission to The Company all shipments and/or risks coming within the terms hereof, as soon as known to The Insured and amounts declared as soon as ascertained, and failure to make such reports shall render this Policy null and void if The Company shall so elect; provided, however, that unintentional error or omission in making any such report shall not void this insurance, provided the same be reported to The Company as soon as known to The Insured.

44. INSPECTION OF RECORDS

The Company or its agent shall have the privilege, at any time during business hours, to inspect the records of the Insured as respects shipments coming within the terms of this policy.



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45. BROKERS

It is a condition of this policy, and it is hereby agreed that The Insured's broker or any substituted brokers, shall be deemed to be exclusively the agents of the Insured and not of The Company in any and all matters relating to, connected with or affecting this insurance. Any notice given or mailed by or on behalf of The Company to the said Insured's broker in connection with or affecting this insurance, or its cancellation, shall be deemed to have been delivered to The Insured

46. RETURN AND REFUSED SHIPMENTS

This policy is extended to cover insured goods hereunder should the insured goods be refused acceptance by the consignee and shall be held covered subject to conditions and rates to be agreed until sold and delivered by The Insured, or until returned to the original point of shipment or forwarded to some substituted destination, provided notice be given by The Insured to The Company as soon as refusal is known to them.

47. RELEASED BILL OF LADING

Privilege is hereby granted to The Insured to ship goods and merchandise covered by this policy under released or limited bills of lading, shipping receipts, or other contracts of affreightment without prejudice to this insurance, subject to payment of additional premium, if required.

48. FRAUDULENT BILLS OF LADING

This policy covers physical loss or damage to goods insured through the acceptance by The Insured and/or agents and/or shippers of fraudulent bills of lading and/or shipping receipts and/or messenger receipts and/or other shipping documents.

This policy also covers physical loss or damage caused by the utilization of legitimate bills of lading and/or other shipping documents without the authorization and/or consent of The Insured or its agents, insofar as is already covered as per average terms of this policy and/or terms chosen on the original certificate of insurance but shall in no way extend coverage provided herein beyond the terms and conditions as originally written.

49. INTERRUPTION OF TRANSIT OF DAMAGED GOODS

It is understood and agreed that goods taken out of ordinary transit upon instructions of surveyor appointed by or on behalf of The Company for the purpose of establishment of loss or damage, shall be held covered, subject to the original terms and conditions applying to such shipment, without payment of additional premium or advice to The Company, during such interruption or suspension of transit until disposed of by delivery to and acceptance by the original consignee or by sale to others or otherwise, provided that during such interruption or suspension The Insured complies with the surveyor's instructions.



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50. CUSTOMS DAMAGE

This policy is extended to cover physical loss or damage caused by the actions of government agents in the course of their inspection duties.

In no event shall this clause otherwise amend anything contained within the Free of Capture and Seizure (F.C. & S.) Warranty contained herein.

51. CUSTOMS STORAGE

It is understood and agreed that should the transit of the goods to insured destination be interrupted by their temporary storage in a customs warehouse at port of entry, this insurance is automatically extended to cover the property insured (subject to policy terms and conditions) during such interruption while in bonded or other customs warehouses without reference to the possible coexistence of fire and other insurance effected by others at destination to cover the goods in question. In consideration of the foregoing The Insured agrees to declare shipments held covered by this endorsement and pay premium thereon, if required, at rates to be agreed.

52. DEMURRAGE

This policy shall cover demurrage charges and/or late penalties assessed against and paid by The Insured for late return of containers when said containers are retained by The Insured at the instruction of The Company for inspection by The Company's surveyor in investigation of loss or damage recoverable under this policy.

The time period for which The Company shall be liable for said charges and/or penalties shall begin at the time The Company instructs The Insured to retain the containers for inspection and end at the time The Company's surveyor instructs The Insured to return the containers.

53. INSUFFICIENCY OF PACKING

In the event of a claim being made for loss or damage which is alleged to be caused by insufficiency or unsuitability of packing or preparation of the insured goods, The Company hereby agrees that it will not assert such alleged insufficiency or unsuitability as a defense against the claim in any case where the packing or preparation was carried out by a party other than The Insured and the insufficiency or unsuitability arose entirely without The Insured's knowledge.

For the purpose of this clause, "packing" shall be deemed to include stowage in a container, trailer, rail car or any other unit designed for the carriage of goods.

54. PAIRS AND SETS

In the event of physical loss or damage by a peril insured against to any article(s) which are part of a set or pair, the measure of loss or damage to such article(s) shall be, at The Insured's option:



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- i. the lesser of the cost to repair or replace the damaged article(s) or the reasonable and fair proportion of the pair or sets total insured value applicable to the damaged article(s), giving consideration to the importance of said article(s), but in no event shall the loss or damage be construed to mean total loss of the pair or set;
- or
- ii. the full value of the pair or set provided that The Insured surrenders the remaining article(s) of the pair or set to The Company.

55. INSOLVENCY

It is understood and agreed that this insurance is extended to cover reasonable landing, warehousing, forwarding and special charges incurred by The Insured as a result of insolvency or financial default of the vessel, owners, charterers, managers, agents, or operators of the vessel to ship the insured goods to the original or substituted final destination.

In no event, however, shall this insurance provide coverage if at the time of loading of the subject matter insured on board the vessel, the Insured is aware or in the ordinary course of business should be aware that such insolvency or financial default was likely to prevent the normal prosecution of the voyage.

56. DEBRIS REMOVAL

This policy is extended to cover expenses incurred by The Insured for the obligatory removal and disposal of all debris of the goods insured under this policy or for its destruction which may be occasioned by loss by any of the perils insured under this policy while the goods insured are in the ordinary course of transit in accordance with the warehouse to warehouse and marine extension clause, except that The Company shall not be liable under this clause for more than **10%** of the insured value of the shipment.

Nothing contained herein shall be construed to cover any expenses incurred in consequence of or to prevent or mitigate pollution or contamination hazards, or any threat or liability thereof or cleanup expenses for which The Insured may be liable under any pollution statute.

Expenses recoverable under this clause shall be separate and in addition to the policy limits of liability set forth elsewhere herein.

57. EXTRA EXPENSE

Where by reason of a peril insured against under this policy, extra expenses are necessarily incurred to destroy, dump or otherwise dispose of the damaged goods, or where extra expenses are necessarily incurred in discharging from the vessel and/or craft and/or conveyance, such expenses will be recoverable in addition to the damage to the insured interest. Nothing contained herein

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shall be construed to cover any clean up expenses for which the Insured shall be liable under any pollution statute.

The Company shall not be liable under this clause for more than **10%** of the insured value of the shipment.

58. EXPEDITING EXPENSE

Where there is loss or damage which is the subject of a claim hereunder and The Insured considers it necessary to forward replacement by air, This Company agrees to pay the extra freight cost so involved notwithstanding that the original consignment was not dispatched by air.

This Company shall not be liable under this clause for more than **10%** of the insured value of the damaged goods.

59. UNEXPLAINED SHORTAGE FROM CONTAINERS

This policy is extended to cover unexplained shortage of goods shipped in a sealed container(s) provided the original seals are intact upon arrival at final destination and provided "theft" is an insured peril for the shipment involved in loss.

The Insured shall not divulge the existence of this coverage to any party. Such disclosure shall void coverage afforded under this clause.

60. CONCEALED DAMAGE

Notwithstanding anything contained herein to the contrary, it is understood and agreed that any concealed loss or damage to the goods insured discovered upon opening the packages and/or cases after arrival at final warehouse at the insured destination (but not exceeding **thirty (30)** days from date of delivery of the goods to the final warehouse) shall be paid by The Company in the same manner as though the packages and/or cases had been opened immediately upon their arrival at the final warehouse, provided such loss or damage otherwise is recoverable under the terms of this insurance.

Any shipping package and/or case showing external signs of damage when delivered to the warehouse shall be opened and inspected immediately. Should The Insured fail to open the package and/or cases, then the burden of proof shall rest with The Insured to demonstrate that loss or damage occurred during transit

61. F.O.B., F.A.S., AND C&F SHIPMENTS

This insurance is extended, subject to its terms and conditions, to cover The Insured's interest in goods and/or merchandise sold by The Insured on F.O.B., F.A.S., Cost and Freight or similar terms whereby The Insured is not obligated to furnish marine insurance and continues until the goods

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and/or merchandise are loaded on board the overseas vessel or until The Insured's interest ceases, whichever shall first occur.

In the event that there is any other insurance on the insured goods at the time of loss or damage, then this insurance shall then apply only as excess and in no event as contributing insurance and then only after all other insurance has been exhausted. Nevertheless, any direct loss sustained by The Insured otherwise recoverable hereunder shall be advanced as a loan without interest payable out of any recovery The Insured may receive as a result of such other insurance.

62. INCREASED VALUE

It is understood and agreed that this policy is extended to cover increased value and/or profits on import shipments purchased by The Insured on C.I.F., ex-dock or other terms where insurance is furnished by the seller. Coverage provided on such increased value shall be subject to the same terms of average as if the merchandise was originally insured hereunder.

The increased value and/or profits shall be valued and insured at the difference in amount between the insurance furnished by the seller and the valuation as provided under this policy (as per Valuation Clause).

The Insured agrees to report all such increased values and/or profits to The Company and to pay premium thereon at rates to be agreed.

63. UNPAID VENDOR

It is understood and agreed that as respects all shipments sold by The Insured on cost and freight or other terms whereby The Insured is not required to furnish ocean marine insurance, this policy shall cover the interest of The Insured as unpaid vendor, subject to its terms and conditions, from the time such shipments become at the risk of The Insured's customer under the terms of sale (whether at an inland point or at the seaport) until full payment has been received in accordance with the terms of sale, but in no event beyond the time when this Insurer's risk would normally cease under the terms of this policy.

It is understood and agreed that in no event shall this insurance inure to the benefit of the buyer or his underwriter, but in the event of a loss occurring which would be collectible hereunder and The Insured is unable to collect the purchase price from the buyer in regular course of business, The Company will advance the amount of such loss pending collection from the buyer. The Insured hereby agrees to use all reasonable means to collect the full amount due from the buyer and to reimburse The Company for any advances made; The Company shall share the expenses of such collection in proportion to its interest herein.

The Insured agrees that in no case shall this coverage be divulged to the buyer or any other party. Disclosure of this coverage to the buyer or other interested party will void coverage afforded under this clause.



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64. CONTINGENT INTEREST

As respects to shipments purchased by The Insured on terms whereby the seller is responsible to provide the insurance, this policy shall afford coverage for such shipments, subject to the terms and conditions set forth in this policy.

In the event of loss or damage to such shipment, The Company will advance payment to The Insured as a loan, repayable only to the extent of any amount subsequently collected from the insurance provided by the seller or otherwise, provided that any claims would be covered under the terms and conditions of this policy.

The Insured agrees to make every effort to collect the full amount from responsible parties for reimbursement to The Company.

The Insured agrees that in no case shall this coverage be divulged to the seller or any other party. Disclosure of this coverage to the seller or other interested party will void coverage afforded under this clause.

It is understood and agreed that in no event shall this insurance inure to the benefit of the seller or their underwriter.

65. DIFFERENCE IN CONDITIONS

It is understood and agreed that as respects goods and/or merchandise purchased by The Insured on C.I.F. or other similar terms whereby insurance is provided by the seller, this policy is hereby extended to cover the difference in average conditions, if any, between those provided by this policy and those provided in the insurance furnished by the seller, as evidenced by certificates of insurance or policies delivered to The Insured, provided in the absence of the seller's insurance, the shipment would have been insured hereunder.

Such difference in conditions is to be valued at and insured for the same amount as provided for under the seller's insurance.

66. CAPTIONS

The captions in this policy are for convenience of reference only and shall not limit or otherwise affect the meaning hereof

67. SEVERABILITY

In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be affected or impaired thereby.



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68. VENUE

It is hereby agreed that any legal suit, action or proceeding arising out of or in connection with this policy shall be instituted in the United States District Court located in the City County and State of New York, or, if that court shall lack subject matter jurisdiction, a Court of the State of New York located in the City County and State of New York. The Insured and The Company irrevocable and unconditionally submit to the exclusive jurisdiction of such court and waive any objection to such venue, and agree not to plead or claim in any suit, action or proceeding so instituted that such court is an inconvenient forum.

69. CHOICE OF LAW

It is agreed that the rights and obligations of The Company and The Insured hereunder shall be governed by the federal maritime common law of the United States or, in the absence of controlling federal maritime common law of the United States, the law of the state of New York, irrespective of any principles of choice of law.

In witness whereof, The Company has caused this policy to be signed by its President and its Secretary at Boston, Massachusetts and countersigned by a duly authorized representative of The Company.

PRESIDENT
David H. Long

VICE-PRESIDENT and SECRETARY
Mark C. Touhey

Marine Cargo Policy



LIBERTY MUTUAL INSURANCE COMPANY

(A Massachusetts Stock Insurance Company, hereinafter called the "Company")

RATE SCHEDULE

Under Deck Direct, unless otherwise specified

1. Per approved steamers and/or motor vessels owned and operated on a regular trade by an approved line or per other iron or steel steamer and/or motor vessel which are not over 20 years of age no less than 1,000 tons net registered and which are classed A-1 American Record or 100-A-1 Lloyd's Register or equivalent, excluding however,
 - a. Vessels built for service on the Great Lakes.
 - b. Vessels built for military or naval services.
 - c. Vessels engaged in the carriage of dry bulk or liquid bulk cargoes and which are more than 15 years of age, unless specifically approved by The Company.
2. By regularly scheduled airlines.

Rates for shipments by conveyances excluded or not provided for by the above wording if covered by the terms of the policy will be named by The Company.

Rates are expressed as percentages (%) and are applied against the **See Point 10 of Policy Declaration Page.**

Duty, if covered by this policy, included in valuation.

Other shipments if covered by this policy, at rates to be named on application.

War, Strikes, Riots, and Civil Commotions included in Marine Rates, unless otherwise noted

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LIBERTY MUTUAL INSURANCE COMPANY

(A Massachusetts Stock Insurance Company, hereinafter called the "Company")

Strikes, Riots & Civil Commotions (Form 12) American Institute of Marine Underwriters

THIS INSURANCE ALSO COVERS:

- (1) Physical loss of or damage to property insured directly caused by strikers, locked-out workmen, or persons taking part in labor disturbances or riots or civil commotions;
- (2) Physical loss of or damage to the property insured directly caused by vandalism, sabotage or malicious acts; and,
- (3) Physical loss of or damage to the property insured directly caused by the act or acts of one or more persons, whether or not agents of a sovereign power, carried out for political, terroristic or ideological purposes and whether any loss, damage or expense resulting therefrom is accidental or intentional; PROVIDED that any claim to be recoverable under this subsection (3) be not excluded by the Free of Capture & Seizure Warranty, Extended Radioactive Contamination Exclusion Clause (Extended RACE Clause) or Chemical, Biological, Bio-Chemical and Electromagnetic Exclusion Clause (CBE Clause) in the Policy to which this endorsement is attached. Notwithstanding the foregoing, coverage under this subsection (3) is conditional upon the property insured being in the ordinary course of transit and, in any event, shall terminate:
 - (a) As per the Warehouse to Warehouse Clause, Marine Extension Clause, 60 Day South American Clause and any other clauses relating to duration of transit contained in or endorsed onto the Policy; or,
 - (b) on delivery to the consignee's or other final warehouse or place of storage at the destination named herein; or,
 - (c) on delivery to any warehouse or place of storage whether prior to or at the destination named herein, which The Insured elects to use either for storage other than in the ordinary course of transit or for allocation or distribution; or,
 - (d) in respect of marine transits, on the expiry of 60 days after completion of discharge overside of the property insured from the vessel at the port of discharge; or,
 - (e) in respect of air transits, on the expiry of 30 days after unloading the property insured from the aircraft at the place of discharge

whichever shall first occur.

While the property insured is at risk under the terms and conditions of this insurance within the United States of America, the Commonwealth of Puerto Rico, the U.S. Virgin Islands and Canada, this insurance is extended to cover physical loss of or damage to the property insured directly caused by acts committed by an agent of any government, party or faction engaged in war, hostilities or other warlike operations, provided such agent is acting secretly and not in connection with any operation of military or naval armed forces in the country where the described property is situated.



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Nothing in this endorsement shall be construed to cover any loss, damage or expense directly or indirectly arising from, contributed to or caused by any of the following, whether due to a peril insured against or otherwise:

- (a) change in temperature or humidity;
- (b) the absence, shortage, or withholding of power, fuel, or labor of any description whatsoever during any strike, lockout, labor disturbance, riot or civil commotion;
- (c) loss of market or loss, damage or deterioration arising from delay;
- (d) hostilities, warlike operations, civil war, revolution, rebellion or insurrection, or civil strife arising therefrom, except to the limited extent that the acts of certain agents acting secretly have been expressly covered above; or,
- (e) nuclear reaction, radiation or radioactive contamination, as per Extended RACE Clause;
- (f) chemical, biological, bio-chemical or electromagnetic weapon, device, agent or material, as per CBE Clause.

The Insured agrees to report all shipments attaching under this cover and to pay premiums therefore at the rates established by the Assurer from time to time.

This endorsement may be canceled by either party upon forty-eight hours written, telegraphic, telefaxed, or electronic notice to the other party, but such cancellation shall not affect any risks which have already attached hereunder.

Effective with respect to shipments made on or after *See Point 2 of Policy Declaration Page*

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

Marine Cargo Policy



LIBERTY MUTUAL INSURANCE COMPANY

(A Massachusetts Stock Insurance Company, hereinafter called the "Company")

POLICYHOLDER DISCLOSURE – TERRORISM INSURANCE PREMIUM NOTICE

This notice contains important information about the Terrorism Risk Insurance Act and its effect on your policy. Please read it carefully.

THE TERRORISM RISK INSURANCE ACT

The Terrorism Risk Insurance Act, including all amendments ("TRIA" or the "Act"), establishes a program to spread the risk of catastrophic losses from certain acts of terrorism between insurers and the federal government. If an individual insurer's losses from a "certified act of terrorism" exceed a specified deductible amount, the government will reimburse the insurer for 85% of losses paid in excess of the deductible, but only if aggregate industry losses from such an act exceed \$100 million. An insurer that has met its insurer deductible is not liable for any portion of losses in excess of \$100 billion per year. Similarly, the federal government is not liable for any losses covered by the Act that exceed this amount. If aggregate insured losses exceed \$100 billion, losses up to that amount may be pro-rated, as determined by the Secretary of the Treasury.

MANDATORY OFFER OF COVERAGE FOR "CERTIFIED ACTS OF TERRORISM" AND DISCLOSURE OF PREMIUM

TRIA requires insurers to make coverage available for any loss that occurs within the United States (or outside of the U.S. in the case of U.S. missions and certain air carriers and vessels), results from a "certified act of terrorism" AND that is otherwise covered under your policy.

A "certified act of terrorism" means:

[A]ny act that is certified by the Secretary [of the Treasury], in concurrence with the Secretary of State, and the Attorney General of the United States

- (i) to be an act of terrorism;
- (ii) to be a violent act or an act that is dangerous to –
 - (I) human life;
 - (II) property; or
 - (III) infrastructure;
- (iii) to have resulted in damage within the United States, or outside of the United States in the case of
 - (I) an air carrier (as defined in section 40102 of title 49, United States Code) or United States flag vessel (or a vessel based principally in the United States, on which United States income tax is paid and whose insurance coverage is subject to regulation in the United States); or
 - (II) the premises of a United States mission; and
- (iv) to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion

Marine Cargo Policy



EXPIRATION OF TRIA

TRIA is set to expire on December 31, 2014. Congress may not extend TRIA, or may extend TRIA with modifications that increase the insurer deductible, decrease the government's share of losses, redefine terrorism, or require insurers to offer terrorism coverage on terms that differ from those applicable to other types of events or occurrences.

MANDATORY PREMIUM DISCLOSURE STATEMENT

Even if you decline coverage for "certified acts of terrorism," certain states require us to provide you with coverage for fire losses that result from an act of terrorism. This mandatory coverage is provided at not additional charge.

YOU NEED NOT DO ANYTHING FURTHER AT THIS TIME.

The summary of the Act and the coverage under your policy contained in this notice is necessarily general in nature. Your policy contains specific terms, definitions, exclusions and conditions. In case of any conflict, your policy language will control the resolution of all coverage questions. Please read your policy.

If you have any questions regarding this notice please contact your sales representative or agent.

Marine Cargo Policy



LIBERTY MUTUAL INSURANCE COMPANY

(A Massachusetts Stock Insurance Company, hereinafter called the "Company")

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the above captioned policy.

A. Cap On Certified Terrorism Losses

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31) and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

B. Application Of Exclusions

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this Coverage Part or Policy, such as losses excluded by the Nuclear Hazard Exclusion or the War And Military Action Exclusion.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED

Marine Cargo Policy



LIBERTY MUTUAL INSURANCE COMPANY

(A Massachusetts Stock Insurance Company, hereinafter called the "Company")

POLICYHOLDER NOTICE

DISCLOSURE – TERRORISM RISK INSURANCE ACT

THIS ENDORSEMENT IS MADE PART OF YOUR POLICY PURSUANT TO THE TERRORISM RISK INSURANCE ACT.

In accordance with the Terrorism Risk Insurance Act, including all amendments, ("TRIA" or the "Act"), we are required to provide you with a notice of the portion of your premium attributable to coverage for "certified acts of terrorism," the federal share of payment of losses from such acts, and the limitation or "cap" on our liability under the Act.

Disclosure of Premium

The Company has made available coverage for "certified acts of terrorism" as defined in the Act. If purchased, the portion of your premium attributable to coverage for "certified acts of terrorism" is shown in the Declarations, Declarations Extension Schedule or elsewhere by endorsement in your policy.

Federal Participation In Payment Of Terrorism Losses

If an individual insurer's losses exceed a deductible amount specified in the Act, the federal government will reimburse the insurer for 85% of losses paid in excess of the deductible, provided that aggregate industry losses from a "certified act of terrorism" exceed \$100 million.

Cap On Insurer Participation In Payment Of Terrorism Losses

If aggregate insured losses attributable to "certified acts of terrorism" exceed \$100 billion in a calendar year and we have met our deductible under the Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion. Nor shall Treasury make any payment for any portion of the amount of such losses that exceeds \$100 billion. In such case, insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

Marine Cargo Policy



LIBERTY MUTUAL INSURANCE COMPANY

(A Massachusetts Stock Insurance Company, hereinafter called the "Company")

NOTICE OF MEMBERSHIP IN LIBERTY MUTUAL HOLDING COMPANY INC. AND NOTICE OF ANNUAL MEETING

Liberty Mutual Insurance Company is a Massachusetts stock insurance company subsidiary of Liberty Mutual Holding Company Inc., a Massachusetts mutual holding company. Insurance is provided by Liberty Mutual Insurance Company. The named insured first named in the declarations is a member of Liberty Mutual Holding Company Inc.

As a member of Liberty Mutual Holding Company Inc., the named insured first named is entitled, among other things, to vote either in person or by proxy at the annual meeting or special meetings of said company. The Annual Meeting of Liberty Mutual Holding Company Inc. is at its offices located at 175 Berkeley Street, Boston, Massachusetts, on the second Wednesday in April each year at ten o'clock in the morning.

Members of Liberty Mutual Holding Company Inc. may request a copy of the company's annual financial statements, which are posted on Liberty Mutual's website at www.libertymutual.com, by writing to Liberty Mutual Holding Company Inc., 175 Berkeley Street, Boston, Massachusetts, 02117, Attention: Corporate Secretary.

Marine Cargo Policy



LIBERTY MUTUAL INSURANCE COMPANY

(A Massachusetts Stock Insurance Company, hereinafter called the "Company")

MARINE NOTIFICATION OF CLAIMS

Liberty International Underwriters takes pride in offering our clients superior claims service. Our marine claims team understands the nature and nuances of marine, and our global network of investigators, surveyors, adjusters and maritime attorneys are strategically placed to promptly address all claims issues with the Insured as they arise. It is our goal to ensure that all of your questions are answered and the necessary steps are taken to easily guide the Insured through the claims process.

To enable us to respond to your claim in an efficient manner, please provide prompt notice of any loss, which is to include all pertinent loss details as known. Upon receipt of the loss notice, a dedicated adjuster will initiate the process by assigning an investigator, surveyor, or attorney, as required.

In the event of loss which may lead to the Insured wishing to make a claim, please contact our New York office as detailed below:

For most efficient service,
Send First Notice of Loss with attachments by e-mail to:

Marineclaims@Libertyiu.com

Alternatively, you may report the claim via mail or telephone as follows:

Christopher Frick
Vice President, Marine Claims
55 Water Street, 23rd floor
New York, NY 10041
(212) 208-4154 (Office)
(347) 901-3870 (Mobile)

Laurent Coussa
Cargo Manager, Marine Claims
55 Water Street, 23rd Floor
New York, NY 10041
(212) 208-4168 (Office)
(646) 703-2262 (Mobile)

Marine Cargo Policy



LIBERTY MUTUAL INSURANCE COMPANY

(A Massachusetts Stock Insurance Company, hereinafter called the "Company")

SECTION 1 WAR RISK POLICY

This extension of insurance witnesseth, that in consideration of premiums as agreed to be paid, the Company does make insurance and cause **See Point 1 of Policy Declaration Page** to be insured, lost or not lost, for account of whom it may concern, against War Risks only, in accordance with the terms and conditions hereinafter set forth.

To apply to shipments made on or after **See Point 2 of Policy Declaration Page**. This Company shall not be liable hereunder for more than **See Point 5 of Policy Declaration Page** by any one vessel, **See Point 5 of Policy Declaration Page** by any one aircraft.

In cases where the total value(s) at risk on any one vessel exceed(s) the limit of liability as set forth in the Policy, the Insured agrees, nevertheless, to report to the Insurer full value(s) at risk and to pay premium thereon at the agreed rates. The Insured further agrees that acceptance of such reports and premium by the Insurer shall not serve to revoke or to overrule the limit of liability set forth in this Policy; however, subject to the limit of liability, the Insurer in accepting these reports does agree to pay partial losses covered by this Policy without reduction by reason of any coinsurance which otherwise may have existed in the absence of this special agreement.

Subject to the provisions of Clause 4 of this Policy, should there be an accumulation of interests exceeding the above limit of liability by reason of any interruption of transit beyond the control of the Insured or by reason of any casualty, and/or after the interests have been discharged from the incoming overseas vessel at an intermediate port or place for on-carriage from that or any other port or place by another overseas vessel, and/or on the on-carrying overseas vessel, this Policy shall attach for the full amount at risk (but in no event for more than twice the Policy limit which would be applicable to any one vessel) provided written notice be given to this Insurer as soon as known to the Insured.

This extension shall cover only those shipments that are insured against marine risks under Section 1 Ocean Marine Cargo of this policy, it being agreed that the description of such shipments, the valuations thereof, the voyage, the designation of the overseas vessel (which shall be construed to include aircraft if included under the marine policy) on which the goods are to be carried and the ports and/or places of loading and discharge, as reported under the said Policy against marine risks, shall be deemed incorporated herein. Notwithstanding the foregoing, this Policy shall not cover purely domestic shipments by air between points in the United States of America (excluding Alaska and Hawaii).

Any loss payable hereunder shall be payable in funds current in the United States, to the order of Insured 30 (thirty) days after full proofs of loss and proofs of interest have been filed with the Insurer.

1. (a) This insurance is only against the risks of capture, seizure, destruction or damage by men-of-war, piracy, takings at sea, arrests, restraints, detainments and other warlike operations and acts of kings, princes, and peoples in prosecution of hostilities or in the application of sanctions under international agreements, whether before or after declaration of war and whether by a belligerent or otherwise, including factions engaged in civil war, revolution, rebellion or insurrection, or civil strife arising therefrom; the imposition of martial law, military or usurped power, and including the risks of aerial bombardment, floating or stationary mines and stray or derelict torpedoes. Warranted not to abandon



Marine Cargo Policy

(on any ground other than physical damage to ship or cargo) until after condemnation of the property insured.

(b) This insurance also covers, but only while the property insured is on board a waterborne conveyance, loss of or damage to said property directly caused by governmental authorities acting for the public welfare to prevent or mitigate a pollution hazard or threat thereof, provided that the accident or occurrence creating the situation which required such governmental action would have resulted in a recoverable claim under this Policy (subject to all of its terms, conditions and warranties) if the property insured would have sustained physical loss or damage as a direct result of such accident or occurrence.

2. Warranted free from any claim based upon loss of, or frustration of, the insured voyage or adventure caused by arrests, restraints or detentions.
3. This insurance does not cover any loss, damage or expense directly or indirectly arising from, contributed to, or caused by any of the following, whether due to a peril insured against or otherwise:
 - (a) Commandeering, preemption, requisition or nationalization by the government (defacto or otherwise) of the country to or from which the goods are insured.
 - (b) Seizure or destruction under quarantine, environmental or customs regulations.
 - (c) Delay, deterioration and/or loss of market.
 - (d) Nuclear reaction, radiation or radioactive contamination, regardless of how it was caused.
4. (a) The insurance against the risks enumerated in Clause 1, except the risks of floating or stationary mines and stray or derelict torpedoes, floating or submerged referred to in (b) below, shall not attach to the interest hereby insured or to any part thereof:
 - (i) prior to being on board an overseas vessel (for the purpose of this Clause 4 an overseas vessel shall be deemed to mean a vessel carrying the interest from one port or place to another where such voyage involves a sea passage by that vessel).
 - (ii) after being discharged overside from an overseas vessel at the intended port or place of discharge.

or

after the expiry of 15 days from midnight of the day of arrival of the overseas vessel at the intended port or place of discharge, whichever shall first occur.

 - (iii) after expiry of 15 days from midnight of the day of arrival of the overseas vessel at an intermediate port or place to discharge the interest for on-carriage from that or any other port or place by another overseas vessel, but shall reattach as the interest is loaded on the on-carrying overseas vessel. During the said period of 15 days the insurance remains in force whether the interest is awaiting transit or in transit between the overseas vessels.



Marine Cargo Policy

- (iv) for the purposes of this Clause 4 arrival at the intended port or place of discharge shall be deemed to mean that time when the overseas vessel first berths, anchors, moors or is secured in an area subject to regulation by the authorities of such port or place.
 - (b) The insurance against the risks of floating or stationary mines and stray or derelict torpedoes, floating or submerged, attaches as the interest hereby insured is first loaded on a lighter, craft or vessel after leaving the warehouse at point of shipment in transit for the destination declared hereunder, and ceases to attach as the interest is finally landed from the vessel, craft or lighter prior to delivery to warehouse at such destination.
 - (c) If the contract of affreightment is terminated at a port or place other than the destination named therein such port or place shall be deemed the intended port or place of discharge for the purpose of this Clause 4.
 - (d) Shipments by mail, if covered by this Policy, are insured continuously from the time of leaving the sender's premises until delivered to the place of address.
 - (e) Shipments by air (other than by airmail), if covered by this Policy are insured subject to the same terms and conditions as shipments by overseas vessel.
 - (f) It is a condition of this insurance that the Insured shall act with reasonable dispatch in all circumstances within their control.
 - (g) If anything contained in this Policy shall be inconsistent with this Clause 4 it shall to the extent of such inconsistency be null and void.
5. This insurance shall not be vitiated by deviation, overcarriage, change of voyage, or by any error or unintentional omission in the description of interest, vessel or voyage, provided the same be communicated to the Insurer as soon as known to the Insured and an additional premium paid if required.
 6. And in case of any loss or misfortune, it shall be lawful and necessary to and for the Insured, his or their factors, servants and assigns, to sue, labor and travel for, in and about the defense, safeguard and recovery of the said goods, and merchandises, or any part thereof, without prejudice to this insurance; nor shall the acts of the Insured or Insurer, in recovering, saving and preserving the property insured, in case of disaster, be considered a waiver or an acceptance of an abandonment; and to the charges whereof, the said Insurer will contribute according to the rate and quantity of the sum hereby insured.
 7. General Average and Salvage Charges payable according to United States laws and usage and/or as per Foreign Statement and/or as per York-Antwerp Rules (as prescribed in whole or in part) if in accordance with the Contract of Affreightment.
 8. It is agreed that the reports made under the Policy against marine risks mentioned above shall be deemed to be reports under this Policy also, and the Insured agrees to pay premiums on all shipments insured under this Policy at the war risk rates of the Insurer as fixed from time to time.
 9. No claim shall be payable hereunder which arises from collision, contact with any fixed or floating object (other than a mine or torpedo), stranding, heavy weather or fire unless caused directly (and independently of the nature of the voyage or service which the vessel concerned or, in the case of a collision, any other vessel involved therein, is performing) by a hostile act by or against a belligerent



Marine Cargo Policy

power; and for the purpose of this paragraph "power" includes any authority maintaining naval, military or air forces in association with a power.

10. No recovery for a Constructive Total Loss shall be had hereunder unless the property insured is reasonably abandoned on account of its actual total loss appearing to be unavoidable, or because it cannot be preserved from actual total loss without an expenditure that would exceed its value if the expenditure had been incurred.
11. It is agreed that this extension is a separate and wholly independent contract and is not subject to any terms or conditions of the Policy against marine risks above mentioned (whether physically attached thereto or not) except as such terms or conditions shall have been expressly incorporated herein by reference.
12. This insurance may be cancelled by either party upon forty-eight (48) hours written, telegraphic or telefaxed notice to the other party, but such cancellation shall not affect any shipment on which this insurance has attached under the terms of Clause 4 hereof prior to the effective date of such notice. Shipments on which this insurance has not so attached but for which, prior to the effective date of such notice, bills of lading have been issued and (in the case of exports), certificates or special policies have been issued and negotiated, shall be covered from the time of loading on the overseas vessel, as provided in Clause 4, at the rates of the Insurer, provided that, prior to said effective date, such shipments were at the risk of the Insured and were covered under the said policy against marine risks.

In the event of loss, which may give rise to a claim under this Policy, prompt notice shall be given to this Company.

In witness whereof, the Company has caused this policy to be signed by its President and its Secretary at Boston, Massachusetts and countersigned by a duly authorized representative of the company.

PRESIDENT
David H. Long

VICE-PRESIDENT and SECRETARY
Mark C. Touhey

Marine Cargo Policy



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LIBERTY MUTUAL INSURANCE COMPANY

(A Massachusetts Stock Insurance Company, hereinafter the "Company")

SECTION 2

DOMESTIC TRANSIT COVERAGE ENDORSEMENT

It is understood and agreed that the following terms and conditions are hereby made a part of the policy.

1. Property Insured

This policy is hereby extended to cover property owned by the Insured, and similar property of others for which the Insured may be liable or is under obligation to insure.

2. Territorial Limits

This endorsement covers insured property while in the ordinary course of transit by land or air within the continental limits of the United States and Canada.

3. Insuring Conditions

This endorsement covers against all risks of physical loss or damage from any external cause irrespective of percentage, except the risks of war, strikes, riots and other risks excluded by the FC&S and SR&CC Warranties and by the Nuclear Exclusion Clause Paramount contained in this policy.

4. Exclusions

This endorsement does not insure:

- (a) Loss or damage due to wear and tear, inherent vice, latent defect, or gradual deterioration.
- (b) Loss or damage due to insects, vermin, freezing or extremes of temperature.
- (c) Loss or damage due to delay, loss of market, loss of use, interruption of business or consequential loss of any nature.
- (d) Loss or damage or expense resulting from misappropriation, secretion, conversion, infidelity or any dishonest act done by or at the instigation of the Insured or by the Insured or other party of interest or their employees or agents (carriers for hire excepted).
- (e) Water damage to property stored in the open.
- (f) Accounts, bills, deeds, evidences of debt, notes, securities, currency, money, coins, stamps, jewelry, precious stones, fine arts, bullion, specie or other metals.

5. Deductible

Each claim for loss or damage hereunder shall be separately adjusted and from the amount of each such adjusted claim the sum of **See Policy Declarations** shall be deducted.

6. Valuation

See Policy Declarations

7. Record of Values

It is a condition of this insurance that the Insured keep records of the total value of all property in transit covered hereunder for the preceding policy term.



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8. Reports and Premium

The Insured agrees to keep and maintain an accurate record of its business and to report to this Company the total insured values shipped for the period covered by the report and to pay premium thereon at the rate of **See Policy Declarations** per \$100 of insured value. The earned premium so developed shall be applied against the deposit premium until exhausted. Earned premium in excess of the deposit shall immediately become due and payable as of the date of the report. Any unearned difference shall be returned to the Insured at policy anniversary by in no event shall the minimum annual premium be less than **See Policy Declarations**.

9. Limits of Liability

The liability of the Company resulting from any loss, disaster or casualty is limited to the following amounts for property not in storage:

- (a) **\$ (See Policy Declarations)** while in transit via railroads;
- (b) **\$ (See Policy Declarations)** while in transit via public and/or private truckmen;
- (c) **\$ (See Policy Declarations)** while in transit via any scheduled air transportation carrier.

It is understood and agreed that should the total value of shipped merchandise at risk under this endorsement in any land conveyance or airplane exceed the respective limits herein specified, the Insured shall, nevertheless, report to this Company in the manner elsewhere provided, the total value of such merchandise and shall pay premium at the agreed rates.

In consideration of the above provision this Company hereby waives any benefits which it would derive from the application of the principles of Coinsurance and agrees to hold itself liable for the full amount of any loss, if arising from a peril insured against, up to, but not exceeding the limits herein, or which may be subsequently provided, irrespective of the total value of the merchandise at risk.

10. FOB Shipments

As respects shipments sold by the Insured FOB at points of shipments, it is agreed that, if by reason of loss or damage from a peril insured against and the Insured cannot collect from the consignee or other party because of refusal or inability to pay, this Company shall advance to the Insured as a loan the amount of loss as provided herein, such loss to be repayable upon remittance of the purchase price by the buyer or to the extent of any recovery received by the Insured from Insurance provided by the buyer or otherwise.

This insurance is to be for the sole account of the Insured and in no event is it to inure to the benefit of buyers, consignees or any other party.

The Insured shall preserve all their rights against the buyer or other parties and, upon receipt of payment from this Company, shall subrogate to this Company all such rights and shall give all assistance, other than pecuniary, in enforcing them.

11. Returned Domestic Shipments

This insurance subject to all its terms and conditions is extended to cover property in domestic transit returned to the Insured for any reason providing the original shipment was insured hereunder.

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12. Cancellation

In the event of cancellation of the policy to which this Endorsement is attached, insurance provided by this Endorsement shall cease simultaneously with the effective date of cancellation of the policy, but such cancellation shall not affect any transit risk on which this insurance has attached prior to the effective date of such cancellation.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED

A handwritten signature in black ink, appearing to read "David H. Long".

PRESIDENT
David H. Long

A handwritten signature in black ink, appearing to read "Mark C. Touhey".

VICE-PRESIDENT and SECRETARY
Mark C. Touhey

Marine Cargo Policy

Liberty
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LIBERTY MUTUAL INSURANCE COMPANY

(A Massachusetts Stock Insurance Company, hereinafter the "Company")

SECTION 3**WAREHOUSE STORAGE COVERAGE ENDORSEMENT**

It is understood and agreed that the following terms and conditions are hereby made a part of this policy.

1. Property Insured

This endorsement is hereby extended to cover property owned by the Insured, and similar property of others for which the Insured is liable or is under obligation to insure, and for which the Insured may be liable in the event of loss while temporarily stored within the continental limits of the United States.

This insurance shall not attach with respect to any such place of storage, however, until the store or warehouse has been submitted to and approved by the Company and Company rates established therefore, or as otherwise provided by Clause 7 of this endorsement.

2. Perils, Terms of Average and Exclusions

This endorsement covers against all risks of physical loss or damage from any external cause irrespective of percentage, except the risks of war, strikes, riots and other risks excluded by the FC&S and SR&CC Warranties and by the Nuclear Exclusion Clause Paramount contained in this policy.

3. Perils/Property Exclusions

This section does not insure:

- (a) Loss or damage due to wear and tear, inherent vice, latent defect or gradual deterioration.
- (b) Loss or damage due to insects, vermin, freezing or extremes of temperature.
- (c) Loss or damage due to delay, loss of market, loss of use, interruption of business.
- (d) Unexplained loss, mysterious disappearance or inventory shortage.
- (e) Loss or damage caused by or resulting from misappropriation, secretion, conversion, infidelity or any dishonest act done by or at the instigation of the Insured or by the Insured or other party of interest or their employees or agents, while the insured property is stored in warehouses owned, leased or controlled by the Insured.
- (f) Water damage to property stored in the open, in basements or below grade level.
- (g) accounts, bills, deeds, money, notes, securities, evidences of debt, coins, stamps, precious or semi-precious stones, jewelry, artwork, fine arts, bullion, specie or other precious metals, livestock, birds, fish or other live animals, cell phones, computer chips/memory boards, tobacco both raw and processed, cigarettes, baggage(in or out of the passenger compartment)
- (h) Loss or damage due to any process or while the property is actually being worked upon.
- (i) Property stored in balloon warehouses, at retail locations, showrooms, exhibitions or similar type facilities unless with the prior approval of this Company.
- (j) Loss or damage due to flood, surface water, waves, tidal wave, overflow of streams or other bodies of water, or spray from any of the foregoing, all whether driven by wind or not.
- (k) Loss or damage due to earthquake, landslide, rockslide, mudslide, mudflow, earth rising, earth sinking, earth shifting or settling, subsidence, volcanic action or volcanic eruption (meaning the eruption, explosion or effusion of a volcano).
- (l) Property stored outside or in the open.
- (m) Terrorism and/or sabotage.



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4. Deductible

Each claim for loss or damage hereunder shall be separately adjusted and from the amount of each such adjusted claim the sum of **See Policy Declarations** shall be deducted.

5. Valuation

See Policy Declarations.

6. Limits of Liability

This Company shall not be liable for more than the limit of liability shown below with respect to property insured in store(s) or warehouse(s) as follows:

Name and Location

Limit of Liability

See Supplemental Warehouse Schedule Page

It is hereby understood and agreed that if the total value at risk in any one warehouse exceeds the limit of liability provided by this endorsement, the Insured will nevertheless report the full amount at risk in such warehouse(s) (less specific insurance, if any) and pay premium thereon at Company's rates. This Company shall be liable for the full amount of covered loss up to but not exceeding the applicable limit of liability.

In consideration of the above provision, this Company hereby waives any benefits which it would derive from the application of the principles of Coinsurance and agrees to hold itself liable for the full amount of any loss, if arising from a peril insured against, up to, but not exceeding the limits herein, or which may be subsequently provided, irrespective of the total value of the merchandise at risk.

7. Cancellation

In the event of cancellation of the policy to which this section is attached, insurance provided by this section shall cease simultaneously with the effective date of cancellation of this policy.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED

PRESIDENT
David H. Long

VICE-PRESIDENT and SECRETARY
Mark C. Touhey



Marine Cargo/ Claims Guidelines

What to do in the event of loss or damage which may result in a claim:

- 1) Always inspect the cargo
 - a. If your cargo arrives in a container, ensure that the container and its seals are examined immediately. If the container is delivered damaged or with any seal broken, missing or with seals other than that stated in the shipping documents, make a note of this on the delivery receipt and retain all defective or incorrect seals;
 - b. Take photographs of the damage whenever possible.
- 2) Immediately notify the Claims Agent whose details can be found on your insurance certificate.
- 3) Immediately notify your Broker and/or Liberty International Underwriters (LIU).
- 4) To assist in handling your claim, a surveyor may be appointed to inspect the cargo and gather information. You are obligated to co-operate with the surveyor to enable the timely conclusion of your claim

How to protect your rights (and those of LIU) of recovery against third parties:

- 1) Immediately (or within 3 days at most) lodge a written claim against third parties for any loss or damage. You must do this even if you are unable to fully quantify the loss/damage. This is to preserve yours and LIU's right of subrogation/recovery against the third party.
- 2) DO NOT give clean receipts where cargo is in doubtful condition.
- 3) In all cases:
 - a. Take all reasonable steps to minimize loss or damage.
 - b. Act to safeguard the insured cargo.
 - c. DO NOT dispose of any damaged cargo without first giving LIU and/or their agents the opportunity to inspect it.

Documents required for processing a claim:

To ensure timely processing of your claim, please provide as many of the following documents as possible. If you need to retain any documents for

customs or tax purposes please forward legible copies (of both sides):

- 1) Original policy or certificate of insurance (where applicable)
- 2) Commercial Invoices for the purchase/sale of the cargo;
- 3) Export documents, shipping order and specifications, weight notes and packing list, where applicable;
- 4) Bill of lading/air way bill / consignments note (with terms and conditions on reverse);
- 5) Charter party and/or contract of affreightment, if applicable;
- 6) Copy of the correspondence exchanged with the third parties regarding notification of loss or damage and their response, if any;
- 7) Copy of any non-delivery, short receipt or credit notes (if applicable).
- 8) Documentation relating to out-turn/receipt of cargo.
- 9) Quote for repairs/replacement.
- 10) Police report number (if applicable).
- 11) Copy of temperature records (if applicable).
- 12) Copy of any specific packing/stowing instructions given to the carrier.

Submission of a claim to LIU should not be withheld awaiting the carrier's response to any letter of demand

Do not accept any offer of settlement without first contacting LIU.



Marine Cargo/ Claims Guidelines

Claim notification form:

LIU Policy Number: _____ Date of Loss: _____

Name of Vessel: _____ Bill of Lading No. _____

Voyage No. _____ B/L Dated: _____

From: _____ To: _____

Particulars of Shipment: _____

Proximate Cause of Claim: _____

Quantum of Loss/Damage: _____

Consignee/Claimant: _____

Address: _____

Estimate/Reserved: _____

Contact Person: _____

Telephone No. _____

E-mail: _____

Fax No. _____

For most efficient service,
Send First Notice of Loss with attachments by e-mail to:
Marineclaims@LibertyMutual.com

Alternatively, you may report the claim via mail or telephone as follows:

Christopher Frick
Vice President, Marine Claims
55 Water Street, 23rd floor
New York, NY 10041
(212) 208-4154 (Office)
(347) 901-3870 (Mobile)

Laurent Coussa
Cargo Manager, Marine Claims
55 Water Street, 23rd Floor
New York, NY 10041
(212) 208-4168 (Office)
(646) 703-2262 (Mobile)



Marine Cargo/ Claims Guidelines

Your Checklist of Documents Required in the Event of Loss:

- ☐ Bill of Lading (Ocean, Barge, Air, Trucker and/or Railway), Charter Party Agreement, if applicable
- ☐ Commercial/ Suppliers Invoice and Packing List
- ☐ Freight Bill, plus any prepaid and/or guaranteed and/or advance freight not included in the invoice
- ☐ Exceptions taken upon delivery in the form of any or all of the following: Discharge Tally, Dock Receipt, O.S. & D. Report, Truckers Delivery Receipt or Inland Way Bill, Trailer Interchange Receipt, and/or Carrier's Manifest, Consignee Warehouse Acceptance Record.
- ☐ Written letter of claim against the carrier, holding them responsible for damages. It may be necessary to write to one or all of the following carriers. (Ocean, warehouse, trucker, inland, air and/or railroad)
- ☐ Carrier's reply, if received
- ☐ Itemized Claim Statement (shows detailed computation and provides supporting documents, bills, invoices, etc.)
- ☐ Original and duplicate Insurance Certificate; if issued
- ☐ Original Survey Report (generally for exported shipment, i.e. from USA to any points and/or places in the world)
- ☐ Custom's Consumption Entry (generally for imported shipment, i.e. from and points and/or places in the world to USA or Canada)

General Average Claims:

Liberty International Underwriters will execute all required G.A. Guarantees on your behalf. No cash deposits should be made. Call Laurent Coussa at (212) 208-4168 in the event of a General Average.



Marine Cargo Policy

LIBERTY MUTUAL INSURANCE COMPANY

(A Massachusetts Stock Insurance Company, hereinafter the "Company")

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ENDORSEMENT NO. 1

Effective Date:	December 20, 2020
Policy Number:	NYOMC11625401
Issued To:	Day To Day Imports Inc,

WAREHOUSE SECTION 3 EARTHQUAKE, FLOOD AND WINDSTORM EXTENSION ENDORSEMENT

In consideration of **Premium Paid**, it is understood and agreed that notwithstanding anything contained in the Warehouse Section to the contrary, this policy section is extended to cover the peril(s) of Earthquake, Flood and Windstorm subject to the following limits of liability:

- | | |
|----------------------|--|
| (a) USD \$10,000,000 | As respects any one loss, disaster or casualty caused by or resulting from Earthquake, Flood or Windstorm (each peril separately insured). |
| (b) USD \$10,000,000 | In the aggregate for all losses in any one policy period (each peril separately insured). |

It is further understood and agreed that as respects the peril(s) of Earthquake, Flood and Windstorm the deductible amount as stated in Paragraph 4 of the Warehouse Section is amended to read **USD \$100,000**.

Notwithstanding anything contained herein to the contrary this coverage extension does not apply to unnamed warehouse locations.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

PRESIDENT
David H. Long

VICE-PRESIDENT and SECRETARY
Mark C. Touhey

Issued: December 18, 2020



Marine Cargo Policy

LIBERTY MUTUAL INSURANCE COMPANY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ENDORSEMENT NO. 2

Effective Date:	December 20, 2020
Policy Number:	NYOMC11625401
Issued To:	Day To Day Imports Inc,

PROFIT SHARING AGREEMENT ENDORSEMENT

It is understood and agreed that this policy is subject to a Profit Sharing Plan to be applicable to the premium and loss figures (excluding War, Strikes, Riot and Civil Commotions) developed during the policy term commencing [Effective Date] and each policy term thereafter. The Minimum Annual Qualifying Premium for the profit sharing endorsement to become effective is **\$25,000**.

The Insured shall participate in profits, if any, based upon the following formula:

1. Gross cargo premiums less all returns (but excluding premiums for optional TRIA coverage). In the event deposit premiums are adjusted after the policy term they will be included in that applicable term's adjustment.
2. Less **70%** of the gross cargo premiums (for insurance company expenses) and
3. Less all paid and outstanding claims occurring on shipments made during the policy term (such claims to be reduced by the amount of recoveries made, if any).
4. The balance remaining after #1, #2 & #3 above is deemed to be profit for the purposes of this plan and the Insured will be entitled to participate in this profit proportionately (50/50) with the Insurers. This calculation will be made **Six(6) months** after each anniversary date.
5. In the event of a cancellation of the policy by the Insured, there shall be no Profit Sharing for the policy term in which the cancellation became effective.
6. In the event the Insured elects not to renew the policy or cancels the renewal, there shall be no payment of Profit Sharing for any prior terms not already paid. However, if the Company does not offer a renewal, then the Insured shall be entitled to the Profit Sharing.
7. Deficit in any policy term would be carried forward for **Three(3)** consecutive terms.



Marine Cargo Policy

(CONTINUED)

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

Issued: December 18, 2020



Marine Cargo Policy

LIBERTY MUTUAL INSURANCE COMPANY

(A Massachusetts Stock Insurance Company, hereinafter the "Company")

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ENDORSEMENT NO. 3

Effective Date:	December 20, 2020
Policy Number:	NYOMC11625401
Issued To:	Day To Day Imports Inc,

WAREHOUSE SECTION 3

ADDITION OF CERTIFIED TERRORISM COVERAGE SUBJECT TO CAP ON LOSSES

In consideration of an **Additional Premium of USD \$5,000**, it is understood and agreed that this endorsement modifies insurance provided under the **Warehouse Section** attached to this policy.

This endorsement modifies insurance provided under the following:

Marine Open Cargo Policy - Warehouse Endorsement

A. The following is hereby added and shall apply to all coverages:

Paragraph 3. (m) of the Warehouse Endorsement is hereby deleted.

This Policy and Endorsement shall provide coverage for loss or damage arising from a "Certified act of terrorism".

A **"certified act of terrorism"** means:

[A]ny act that is certified by the Secretary of the Treasury, in consultation with the Secretary of Homeland Security State and the Attorney General of the United States

- (i) to be an act of terrorism;
- (ii) to be a violent act or an act that is dangerous to –
 - (I) human life;
 - (II) property; or
 - (III) infrastructure;
- (iii) to have resulted in damage within the United States, or outside of the United States in the case of –
 - (I) an air carrier (as defined in section 40102 of title 49, United States Code) or United States flag vessel (or a vessel based principally in the United States, on which United States income tax is paid and whose insurance coverage is subject to regulation in the United States); or



Marine Cargo Policy

WAREHOUSE SECTION 3 ADDITION OF CERTIFIED TERRORISM COVERAGE SUBJECT TO CAP ON LOSSES (CONTINUED)

- (II) the premises of a United States mission; and
- (iv) to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year) and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

B. The following is hereby added to the Policy and shall apply to all coverages:

APPLICATION OF EXCLUSIONS

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this Coverage Part or Policy.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

PRESIDENT
David H. Long

VICE-PRESIDENT and SECRETARY
Mark C. Touhey

Issued: December 18, 2020



Marine Cargo Policy

LIBERTY MUTUAL INSURANCE COMPANY

(A Massachusetts Stock Insurance Company, hereinafter the "Company")

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ENDORSEMENT NO. 4

Effective Date:	December 21, 2020
Policy Number:	NYOMC11625401
Issued To:	Day To Day Imports Inc,

WAREHOUSE SCHEDULE AND/OR DEDUCTIBLE AMENDMENT ENDORSEMENT

In consideration of a **Return Premium of USD \$6,000**, it is understood and agreed that the Warehouse Location Schedule, as shown in the Supplemental Policy Declarations, is as follows:

<u>Number</u>	<u>Warehouse Name & Address</u>	<u>Limit of Liability</u>
1	16325 South Avalon Blvd 16325 South Avalon Blvd Gardena, CA 90248	USD \$15,000,000
2	1152 Markkress Road 1152 Markkress Road Cherry Hill, NJ 08003	USD \$5,000,000
3	15650 South Avalon Blvd 15650 South Avalon Blvd Compton, CA 90220	USD \$15,000,000
	Any one unnamed location	USD \$250,000

It is also understood and agreed that **Point 9, Deductibles** of the **Policy Declarations** is as follows:

Section 3: \$10,000 per occurrence



Marine Cargo Policy

WAREHOUSE SCHEDULE AMENDMENT ENDORSEMENT (CONTINUED)

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

PRESIDENT
David H. Long

VICE-PRESIDENT and SECRETARY
Mark C. Touhey

Issued: January 22, 2021



Marine Cargo Policy

LIBERTY MUTUAL INSURANCE COMPANY

(A Massachusetts Stock Insurance Company, hereinafter the "Company")

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ENDORSEMENT NO. 5

Effective Date:	April 19, 2021
Policy Number:	NYOMC11625401
Issued To:	Day To Day Imports Inc,

WAREHOUSE SCHEDULE AND/OR DEDUCTIBLE AMENDMENT ENDORSEMENT

In consideration of an **Additional Premium of USD \$1,750**, it is understood and agreed that the Warehouse Location Schedule, as shown in the Supplemental Policy Declarations, is as follows:

<u>Number</u>	<u>Warehouse Name & Address</u>	<u>Limit of Liability</u>
1	16325 South Avalon Blvd 16325 South Avalon Blvd Gardena, CA 90248	USD \$15,000,000
2	1152 Markkress Road 1152 Markkress Road Cherry Hill, NJ 08003	USD \$5,000,000
3	15650 South Avalon Blvd 15650 South Avalon Blvd Compton, CA 90220	USD \$15,000,000
4	902 E 59th St 902 E 59th St Los Angeles, CA 90001	USD \$1,500,000
	Any one unnamed location	USD \$250,000

It is also understood and agreed that **Point 9, Deductibles** of the **Policy Declarations** is as follows:

Section 3: \$10,000 per occurrence



Marine Cargo Policy

WAREHOUSE SCHEDULE AMENDMENT ENDORSEMENT (CONTINUED)

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

PRESIDENT
David H. Long

VICE-PRESIDENT and SECRETARY
Mark C. Touhey

Issued: April 27, 2021



POLICYHOLDER DISCLOSURE – TERRORISM INSURANCE PREMIUM NOTICE

This notice contains important information about the Terrorism Risk Insurance Act and its effect on your policy. Please read it carefully.

THE TERRORISM RISK INSURANCE ACT

The Terrorism Risk Insurance Act, including all amendments (“TRIA” or the “Act”), establishes a program to spread the risk of catastrophic losses from certain acts of terrorism between insurers and the federal government. If an individual insurer’s losses from “certified acts of terrorism” exceed a specified deductible amount, the government will reimburse the insurer for a percentage of losses (the “Federal Share”) paid in excess of the deductible, but only if aggregate industry losses from such acts exceed the “Program Trigger”. \$100 million. An insurer that has met its insurer deductible is not liable for any portion of losses in excess of \$100 billion per year. Similarly, the federal government is not liable for any losses covered by the Act that exceed this amount. If aggregate insured losses exceed \$100 billion, losses up to that amount may be pro-rated, as determined by the Secretary of the Treasury.

The Federal Share and Program Trigger by calendar year are:

Calendar Year	Federal Share	Program Trigger
2015	85%	\$100,000,000
2016	84%	\$120,000,000
2017	83%	\$140,000,000
2018	82%	\$160,000,000
2019	81%	\$180,000,000
2020	80%	\$200,000,000

MANDATORY OFFER OF COVERAGE FOR “CERTIFIED ACTS OF TERRORISM” AND DISCLOSURE OF PREMIUM

TRIA requires insurers to make coverage available for any loss that occurs within the United States (or outside of the U.S. in the case of U.S. missions and certain air carriers and vessels), results from a “certified act of terrorism” AND that is otherwise covered under your policy. A “certified act of terrorism” means:

[A]ny act that is certified by the Secretary [of the Treasury], in consultation with the Secretary of State, and the Attorney General of the United States

- (i) to be an act of terrorism;
- (ii) to be a violent act or an act that is dangerous to –

- (I) human life;
- (II) property; or



(III) infrastructure;

(iii) to have resulted in damage within the United States, or outside of the United States in the case of –

(I) an air carrier (as defined in section 40102 of title 49, United States Code) or United States flag vessel (or a vessel based principally in the United States, on which United States income tax is paid and whose insurance coverage is subject to regulation in the United States); or

(II) the premises of a United States mission; and

(iv) to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

MANDATORY PREMIUM DISCLOSURE STATEMENT

Your policy does not contain an exclusion for losses resulting from “certified acts of terrorism.” Coverage for such losses is still subject to, and may be limited by, all other terms, conditions and exclusions in your policy.

The premium charge for this coverage for the policy period is \$0.

YOU NEED NOT DO ANYTHING FURTHER AT THIS TIME.

The summary of the Act and the coverage under your policy contained in this notice is necessarily general in nature. Your policy contains specific terms, definitions, exclusions and conditions. In case of any conflict, your policy language will control the resolution of all coverage questions. Please read your policy.

If you have any questions regarding this notice please contact your sales representative or agent.